HALIFAX-DARTMOUTH BRIDGE COMMISSION
(Operating as Halifax Harbour Bridges)
AUDITED FINANCIAL STATEMENTS

MARCH 31, 2012

INDEPENDENT AUDITORS' REPORT

Levy
Casey
Carter
MacLean
Chartered Accountants

TO THE CHAIR AND COMMISSIONERS
OF HALIFAX HARBOUR BRIDGES:

We have audited the accompanying financial statements, which comprise the statements of financial position of the Halifax - Dartmouth Bridge Commission (operating as Halifax Harbour Bridges) as at March 31, 2012, March 31, 2011 and April 1, 2010 and the statements of changes in equity, statements of comprehensive income and statements of cash flows for the years ended March 31, 2012 and 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Terry Carter Ltd
Stuart S MacLean Inc
J.E Melvin Inc
Greg T Strange Inc
Tracey Wright Inc

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Halifax - Dartmouth Bridge Commission as at March 31, 2012, March 31, 2011 and April 1, 2010, and the results of its operations and cash flows for the years ended March 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

Levy Casey Carter MacLean

Halifax, Nova Scotia
June 27, 2012

LEVY CASEY CARTER MACLEAN
CHARTERED ACCOUNTANTS

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Halifax Harbour Bridges
Audited Statements of Financial Position

	as at March 31, 2012 ($ 000's)	as at March 31, 2011 ($ 000's)	as at April 1, 2010 ($ 000's)
ASSETS			
Current			
Cash (note 4(f))	$ 6,650	$ 4,145	$ 3,115
Receivables:			
Trade	339	629	319
Accrued interest	7	6	1
Recoverable HST (note 5)	252	138	250
Prepaid expenses	206	170	158
Total Current Assets	**7,454**	**5,088**	**3,843**
Restricted Assets (note 7)			
Capital Fund	8,021	5,916	3,753
OM Fund	2,907	2,511	2,597
Debt Service Fund	1,232	1,307	1,380
Total Restricted Assets	**12,160**	**9,734**	**7,730**
Total Current and Restricted Assets	**19,614**	**14,822**	**11,573**
Property, plant and equipment (note 6)	87,164	83,262	80,928
TOTAL ASSETS	**$ 106,778**	**$ 98,084**	**$ 92,501**
LIABILITIES			
Current			
Payables and accruals, trade	$ 2,756	$ 1,945	$ 2,957
Project holdbacks payable	273	1,140	890
Refundable customer transponder amounts	22	24	26
Deferred revenue (note 4(a)).	2,755	2,712	2,623
Current portion unearned revenue	103	103	83
Line of credit (note 8)	2,000	2,000	-
Current portion of long term debt (note 8)	3,000	3,000	3,000
Total Current Liabilities	**10,909**	**10,924**	**9,579**
Accrued employee future benefits (note 14)	159	127	148
Unearned revenue	47	49	50
Long term debt (note 8)	45,000	48,000	51,000
TOTAL LIABILITIES	**56,115**	**59,100**	**60,777**
EQUITY			
Reserve for restricted assets (note 7)	12,160	9,734	7,730
Retained earnings	38,503	29,250	23,994
TOTAL EQUITY	**50,663**	**38,984**	**31,724**
TOTAL LIABILITIES AND EQUITY	**$ 106,778**	**$ 98,084**	**$ 92,501**

On Behalf of the Commission,

Wayne Mason
Chair

Graham Read
Vice Chair

Halifax Harbour Bridges
Audited Statements of Changes in Equity
For the years ended March 31, 2012 and 2011

		Restricted Assets				
	Retained Earnings	Capital Fund	OM Fund	Debt Service Fund	Total Restricted	Total Equity
Balance at April 1, 2010	**23,994**	**3,753**	**2,597**	**1,380**	**7,730**	**31,724**
Comprehensive income	7,012	211	24	13	248	7,260
Transfers to (from)	(1,756)	1,952	(110)	(86)	1,756	-
Balance at March 31, 2011	**29,250**	**5,916**	**2,511**	**1,307**	**9,734**	**38,984**
Comprehensive income	11,331	305	28	15	348	11,679
Transfer to (from)	(2,078)	1,800	368	(90)	2,078	-
Balance at March 31, 2012	**38,503**	**8,021**	**2,907**	**1,232**	**12,160**	**50,663**

Halifax Harbour Bridges
Audited Statements of Comprehensive Income
For the Years Ended March 31, 2012 and 2011

	2012 ($ 000's)	2011 ($ 000's)
Revenue		
Toll revenue (note 4(a))	$ 29,055	$ 24,244
Other rate revenue	163	153
Investment & sundry income		
Investment income	73	37
Other income (note 18)	365	1,643
Gain (loss) on disposal of property, plant & equipment	2	(252)
Total Revenue	**29,658**	**25,825**
Expenses		
Operating expenses	5,897	6,127
Maintenance expenses	2,944	3,217
Amortization of property, plant & equipment	6,882	6,717
Interest on line of credit	32	39
Interest on long term debt	2,572	2,713
Total Expenses	**18,327**	**18,813**
Operating Income	**11,331**	**7,012**
Other Income		
Unrealized gain on investments	94	56
Restricted funds investment income	254	192
Total Other Income	**348**	**248**
Comprehensive Income	**$ 11,679**	**$ 7,260**

Halifax Harbour Bridges
Audited Statements of Cash Flows
For the Years Ended March 31, 2012 and 2011

	2012 ($ 000's)	2011 ($ 000's)
Operating Activities		
Net income	$ 11,679	$ 7,260
Amortization of property, plant & equipment	6,882	6,717
Interest expense	2,604	2,752
Investment income	(327)	(229)
Unrealized gain on investments	(94)	(56)
Net loss on disposal of property, plant & equipment	(2)	252
	20,742	16,696
Net change in non-cash working capital balances (note 9)	193	(843)
	20,935	**15,853**
Investing Activities		
Purchase of property, plant & equipment	(10,790)	(13,709)
Proceeds from disposal of property, plant, & equipment	8	28
Investment in Capital Fund	(2,010)	(2,108)
Investment in OM Fund	(396)	86
Investment in Debt Service Fund	74	74
Government assistance (note 16)	-	4,378
Increase (decrease) in accrued employee future benefits liability (note 14)	32	(21)
Investment income received	326	224
	(12,756)	**(11,048)**
Financing Activities		
Long term debt instalment payment	(3,000)	(3,000)
Increase in line of credit - Province of Nova Scotia	-	2,000
Interest paid	(2,674)	(2,775)
	(5,674)	**(3,775)**
Increase in cash during year	**2,505**	**1,030**
Cash, beginning of year	**4,145**	**3,115**
Cash, end of year	**$ 6,650**	**$ 4,145**

Halifax Harbour Bridges
Audited Notes to Financial Statements
March 31, 2012 and 2011

1. Reporting entity

The Halifax-Dartmouth Bridge Commission, operating as Halifax Harbour Bridges (HHB) was created in 1950 by a statute of the Province of Nova Scotia (now the *Halifax-Dartmouth Bridge Commission Act* - Statutes of Nova Scotia, 2005, c.7). HHB's address and principal place of business is 125 Wyse Road, Dartmouth, Nova Scotia, B3A 4K9.

HHB is a self-supporting entity in which the principal business is the operation and maintenance of two toll bridges across the Halifax Harbour; the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge.

Under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (1) - With the approval of the Governor in Council, HHB may construct, maintain and operate a transportation project across Halifax Harbour and the North West Arm, or either of them.

The Government of the Province or the Halifax Regional Municipality may request HHB to investigate the sufficiency of the means of access to Halifax provided by the Bridges or the present or future need of a transportation project as stipulated under the Halifax-Dartmouth Bridge Commission Act, Section 27 (2).

Under the *Halifax-Dartmouth Bridge Commission Act*, Section 27 (3) - Any costs incurred by HHB under this Section are expenses of operating the Bridges or a transportation project in respect of which HHB is collecting tolls, fees, rates and other charges.

The audited financial statements were approved by the Board of Commissioners on June 27, 2012.

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2. First-time adoption of International Financial Reporting Standards ($000's)

HHB has adopted IFRS effective April 1, 2010 and has prepared its opening IFRS statement of financial position as at that date. Prior to adoption of IFRS, HHB prepared its financial statements in accordance with Canadian GAAP. HHB's financial statements for the year ending March 31, 2012 are the first annual financial statements that comply with IFRS.

The adoption of IFRS requires the application of IFRS 1, which generally requires that an entity apply IFRS retrospectively, effective at the end of its first IFRS annual reporting period. However, IFRS 1 does require certain mandatory exceptions and permits limited optional elections for retroactive application. HHB has applied the following mandatory exceptions and optional elections:

Mandatory exceptions

(a) Estimates - Hindsight was not used to create or revise estimates and accordingly the estimates previously made by HHB under Canadian generally accepted accounting principles ("GAAP") are consistent with their application under IFRS.

Optional elections

(b) Business combinations - HHB has elected not to apply IFRS 3, Business Combinations retrospectively to any business combinations that occurred before the date of transition, and as such, the accounting used for any historical business will continue to be applicable under IFRS.

(c) Fair value - Under IFRS 1 HHB has elected to use fair value as deemed cost at the date of transition for land. Fair value was determined by a third party professional appraiser. The effect of this election is outlined in the reconciliation below.

Reconciliation of opening retained earnings under IFRS:

	Mar. 31, 2011	Apr. 1, 2010
Retaining earnings, as reported in accordance with Canadian GAAP	25,801	20,545
Fair value adjustment on land	3,449	3,449
Retained earnings, as reported in accordance with IFRS	$29,250	$23,994

Other than the above noted impact to land and retained earnings, the adoption of IFRS had no net impact on the amounts previously reported on the statement of operations or statement of cash flows for the year ended March 31, 2011. Investment income received and interest paid were previously reported as operating activities under Canadian GAAP. Under IFRS these amounts have been reported as investing and financing activities on the statement of cash flow. Deferred transponder charges and deferred capital contribution were previously reported as separate items on the statement of financial position. Under IFRS these amounts have been included as a component of property, plant and equipment on the statement of financial position and the related amortization of these items has been included with amortization of property, plant and equipment on the statements of comprehensive income and cash flows.

Future changes in accounting policies:

IFRS 9 Financial Instruments:

This standard replaces the current IAS 39 Financial Instruments Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. HHB will start the application of IFRS 9 in the financial statements effective from April 1, 2013. HHB has not yet evaluated the impact on the financial statements.

2. Transition to IFRS, continued

IFRS 13 Fair Value Measurements:

This standard defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurements. HHB will start the application of IFRS 13 in the financial statements effective from April 1, 2013. HHB has not yet evaluated the impact on the financial statements.

IAS 19 Employee Benefits:

The standard prescribes accounting and disclosure for employee benefits. HHB currently contributes to a defined contribution plan. HHB will start the application of this standard in the financial statements effective from April 1, 2013. HHB does not expect any impact to the financial statements as a result of adopting this standard.

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3. Basis of financial statement preparation

(a) Statement of compliance

HHB, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants. Government business enterprises are required to use International Financial Reporting Standards (IFRS) for profit-oriented entities, which is the basis under which these financial statements are prepared.
The financial statements are prepared on a going concern basis and have been presented in Canadian dollars. These Financial Statements have been prepared in accordance with IFRS. The principal accounting policies are set out below.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

* cash, the OM Fund, Debt Service Fund and Capital Fund are reported at fair value
* land is measured at deemed cost which is equal to fair value at the date of transition to IFRS

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4. Significant accounting policies ($000's)

a) Revenue recognition

HHB recognizes revenue at the time a vehicle crosses a bridge. HHB's bridge toll rates are regulated by the Nova Scotia Utility and Review Board (NSUARB). Customers prepay their ETC crossings. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly.

b) Significant accounting judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Management makes significant estimates as to the remaining life of the bridges and bridge components. Such estimates could vary materially from actual experience.

Judgement is used when determining if components of a construction project are of a capital or repair nature and as to the estimated useful lives of additions and current components of the bridges. These judgements, and estimates are based on past experience and other information obtained from HHB's internal and consulting engineers.

c) Government grants

Infrastructure funding from Infrastructure Canada and the Province of Nova Scotia is accrued as earned and recorded as a reduction in the capital cost of the related asset.

d) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated amortization and any accumulated impairment losses. Land is recorded at deemed cost as of April 1, 2010 as per the optional election made on the transition to IFRS as described in note 2.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within profit or loss.

4. Significant accounting policies ($000's), continued

e) Amortization of property, plant & equipment

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.
Amortization commences in the year an asset is put in use. Amortization methods, useful lives and residual values are reviewed at each financial year end, based on consultation with HHB's internal and external consulting engineers, and adjusted if appropriate. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	**5 - 40 yrs**
Bridge and bridge components	
- Angus L. Macdonald	**5 - 125 yrs**
- A. Murray MacKay	**5 - 125 yrs**
Electronic toll transponders	**to Dec. 31, 2017**
Other assets	**2 - 5 yrs**
IT Computers & other equipment	**5 - 25 yrs**
Mobile equipment	**5 - 10 yrs**

f) Cash

Cash consists of funds held in the current bank account and cash on hand. Interest is received on funds in the general bank account at a rate of Prime minus 1.75%.

g) Financial instruments

Financial instruments are classified into one of the following categories: loans and receivables or fair value through profit and loss (FVTPL). Financial liabilities are classified as FVTPL, or as other financial liabilities. All financial instruments are initially recorded at fair value. All financial instruments are subsequently measured at fair value expect for loans and receivables, held-to-maturity investments, and other financial liabilities that are measured at amortized cost using the effective interest rate method.

Cash and cash equivalents, the OM Fund, Debt Service Fund and Capital Fund are classified as FVTPL. Transaction costs are expensed when incurred. HHB uses publically available quotations provided by major Canadian financial institution to determine the fair values of HHB's restricted cash and investments.

Receivables are classified as loans and receivables, and payables, line of credit and long term debt are classified as other financial liabilities. Direct and indirect financing costs that are attributable to the issue of other financial liabilities are presented as a reduction from the carrying amount of the related debt and are amortized using the effective interest rate method over the terms of the related debt. These financial instruments are deemed to have been issued at prevailing market interest rates at the date of advance, accordingly no adjustment for fair value has been recorded.

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. When funds are temporarily invested pending their expenditure on qualifying assets, any such interest income, earned on such funds is deducted from the borrowing cost incurred.

All other borrowing costs are recognized as interest expense in the income statement in the period in which they are incurred.

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5. Harmonized Sales Tax (HST) and Income Tax Status

As a public sector entity controlled by the Province of Nova Scotia, HHB is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST it expends on goods and services.

6. Property, plant and equipment ($000's)

Cost or deemed cost	Land	Buildings	Bridge ALM	Bridge AMM	Electronic Toll Transponders	Other Assets	Computers & Equipment	Mobile Equipment	Construction in Progress	Total
Balance April 1, 2010	$ 9,184	$ 3,642	$ 70,247	$ 32,518	$ 4,074	$ 3,129	$ 9,129	$ 1,382	$ 4,722	$ 138,027
Additions	-	234	72	4,782	487	220	-	145	3,406	9,346
Retirements	-	(52)	-	(1,306)	-	-	(16)	(60)	-	(1,434)
Transfers	-	-	-	1,647	-	1,940	-	-	(3,587)	-
Balance March 31, 2011	9,184	3,824	70,319	37,641	4,561	5,289	9,113	1,467	4,541	145,939
Additions	-	57	133	1,812	162	38	(2)	154	8,436	10,790
Retirements	-	-	-	(17)	-	(36)	-	(88)	-	(141)
Transfers	-	-	-	369	-	8	-	-	(377)	-
Balance March 31, 2012	$9,184	$3,881	$70,452	$39,805	$4,723	$5,299	$9,111	$1,533	$12,600	$156,588

Accumulated amortization	Land	Buildings	Bridge ALM	Bridge AMM	Electronic Toll Transponders	Other Assets	Computers & Equipment	Mobile Equipment	Construction in Progress	Total
Balance April 1, 2010	$ -	$ 1,845	$ 30,812	$ 16,980	$ 1,922	$ 1,832	$ 2,780	$ 928	$ -	$ 57,099
Amortization expense	-	95	3,642	1,117	340	339	1,080	104	-	6,717
Adjustment	-	-	-	-	-	-	-	-	-	-
Retirements	-	(32)	-	(1,022)	-	(43)	-	(42)	-	(1,139)
Balance March 31, 2011	-	1,908	34,454	17,075	2,262	2,128	3,860	990	-	62,677
Amortization expense	-	106	3,469	1,398	364	337	1,079	129	-	6,882
Adjustment	-	-	-	-	-	-	-	-	-	-
Retirements	-	-	-	(16)	-	(35)	-	(84)	-	(135)
Balance March 31, 2012	$0	$2,014	$37,923	$18,457	$2,626	$2,430	$4,939	$1,035	$0	$69,424
NBV April 1, 2010	$ 9,184	$ 1,797	$ 39,435	$ 15,538	$ 2,152	$ 1,297	$ 6,349	$ 454	$ 4,722	$ 80,928
NBV March 31, 2011	$ 9,184	$ 1,916	$ 35,865	$ 20,566	$ 2,299	$ 3,161	$ 5,253	$ 477	$ 4,541	$ 83,262
NBV March 31, 2012	$ 9,184	$ 1,867	$ 32,529	$ 21,348	$ 2,097	$ 2,869	$ 4,172	$ 498	$ 12,600	$ 87,164

7. Restricted Assets (000's)

HHB entered into a long term loan agreement with the Province of Nova Scotia on July 25, 2007. This agreement requires that HHB maintain two reserve funds effective December 4, 2007 which are the Operating, Maintenance & Administrative Fund (OM Fund) and Debt Service Fund and effective June 4, 2008, a Capital Fund was also established.

Under the terms of the loan agreement, the OM Fund must be maintained at an amount at least equal to 25% of the annual budgeted OM expenses for the following year. This fund can only be used to pay OM expenses, although any amount in the fund in excess of the required balance can be transferred to HHB's unrestricted accounts. At March 31, 2012 the OM Fund was held in a GIC with a rate of 1.25%, maturing March 28, 2013 and had a market value of $2,907 ($2,511 - 2011; $2,597 - 2010).

Under the terms of the loan agreement, the Debt Service Fund must be maintained at an amount at least equal to 50% of annual interest payments required in respect of certain indebtedness. This fund can only be used to pay principal, interest, and fees, although any amount in the fund in excess of the required balance can be transferred to HHB's unrestricted accounts. At March 31, 2012 the Debt Service Fund was held in a GIC with a rate of 1.25%, maturing March 28, 2013 and had a market value of $1,232 ($1,307- 2011; $1,380 - 2010).

Under the terms of the loan agreement, HHB established and deposited a minimum of $900 to a Capital Fund commencing June 4, 2008 and every six months thereafter for the duration of the loan. This fund can only be used to pay amounts owing in respect of the principal or interest on the long term loan, or for the maintenance of, or improvements to, the bridges. At March 31, 2012, the Capital Fund, held by the Province of Nova Scotia, had a market value of $8,021 ($5,916 - 2011; $3,753 - 2010) and was invested in various provincial bonds maturing in 2013 and 2014 with annual yields of 3.99% to 10.00%.

8. Long Term Debt ($000's)

		2012		2011		2010
$60,000 long term loan with the Province of Nova Scotia. The loan agreement requires annual principal repayments of $3,000 plus interest, with a final principal repayment of $27,000 along with all accrued and unpaid interest thereon due on the final maturity date of December 4, 2019. Interest is payable semi-annually on July 4th and December 4th of each year. The average interest rate over the loan is 5.13%. This debt is unsecured.	$	**48,000**	$	51,000	$	54,000
Less: Principal debt maturing within one year:		**(3,000)**		(3,000)		(3,000)
Total Long Term Debt:	$	**45,000**	$	**48,000**	$	**51,000**

Minimum principal repayments required within the next five years and thereafter are as follows:

2013	$3,000
2014	$3,000
2015	$3,000
2016	$3,000
2017	$3,000
Thereafter	$33,000

HHB also has access to a $60,000 revolving, unsecured line of credit with the Province of Nova Scotia. As at March 31, 2012, the balance of this facility was $2,000 ($2,000 - 2011; nil - 2010) with the principal maturing on December 4, 2012. The interest rate is equal to the arithmetical average of the discount rates on CDOR Banker's Acceptances applicable on the date of the requested advance with interest payable on maturity. The interest rate on the funds outstanding is 1.38%.

HHB also has a $5,000 operating loan facility with a chartered bank which bears interest at prime rate minus 0.5% per year. The operating facility is subject to annual review and is unsecured. As at March 31, 2012, no advances were outstanding.

9. Net change in non-cash operating balances ($000's)

		2012		2011
Increase (decrease) in cash from changes in:				
Receivables	$	**175**	$	(198)
Prepaid expenses		**(35)**		(12)
Payables and accruals		**13**		(740)
Customer transponder amounts		**(2)**		(2)
Unearned revenue		**(1)**		20
Deferred revenue		**43**		89
	$	**193**	$	**(843)**

10. Financial Instruments ($000's)

a) Credit risk management

HHB provides credit to its customers in the normal course of its operations. In order to reduce its credit risk, HHB has adopted credit policies including the monitoring of its customer accounts. HHB does not have a significant exposure to any individual customer or counterpart.

b) Interest rate risk

The long term debt bears fixed interest rates and consequently, the interest rate risk exposure is minimal.

The Province of Nova Scotia line of credit bears interest on the date of advance as per note 8 and consequently will fluctuate based on the rates in effect at the date of advance.

c) Liquidity risk

HHB is exposed to liquidity risk arising primarily from its long term debt with the Province of Nova Scotia which requires a balloon principal repayment of $27,000 on December 4, 2019. As indicated in note 7 HHB is required to contribute $900 every six months towards a capital fund which can be used to repay principal and interest on the debt. HHB believes the establishment and continued growth of this capital fund partially offsets the risk associated with the future balloon payment. In addition HHB has considered the current repayment terms of this debt as part of its assessment of the financing that will be required to complete the re-decking project of the ALM. Further, HHB maintains an optimal level of liquidity through maximizing cash flows by actively pursuing the collection of its trade receivables and by controlling the level of operating and capital expenditures.

HHB's cash and cash equivalents, short-term investments and restricted cash and investments are invested in highly-liquid interest-bearing investments.

11. Capital management

HHB's objective when managing capital is to ensure there is adequate cash flow on hand to meet its operational and capital expenditure requirements. HHB regularly reviews its projected future toll revenues in conjunction with its current cash position and borrowing ability in order to finance significant future projects that are required to upgrade and maintain its property, plant and equipment. There were no changes to HHB's approach to capital management during the year.

12. Related party transactions ($000's)

As a provincially controlled public sector entity, HHB is considered to be related to the Province of Nova Scotia. HHB is also related to the Halifax Regional Municipality (HRM).

HHB has a long term loan for $60,000 from the Province of Nova Scotia (note 8). HHB interest on the long term debt for the period ended March 31, 2012 was $2,572 ($2,713 - 2011) of which $790 ($823 - 2011) was payable at year end.

HHB has a $60,000 revolving, unsecured line of credit from the Province of Nova Scotia (note 8). HHB has one advance totalling $2,000 against the line of credit and incurred interest in the amount of $32 ($39 - 2011), of which $2 ($39 - 2011) was payable as of March 31, 2012.

HHB collects toll revenue from the province and HRM and makes purchases from HRM in the normal course of business.

13. Pension plan ($000's)

HHB sponsors a defined contribution pension plan for all permanent employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

HHB recognized an expense of $119 for the year ended March 31, 2012 ($106 for 2011). No future contributions are required in respect of past service at March 31, 2012.

14. Accrued employee future benefits ($000's)

IFRS require entities to accrue all employee future benefits. HHB's policy is that all employees whose age and years of service total 80 or more, or who become disabled at any age, will be paid a retirement benefit equal to one month's salary for their first ten years of service, plus one month's salary for each additional five full years of service. The benefit is based on the salary in effect at the time of retirement. HHB has recorded a liability of $159 in retirement benefits at March 31, 2012 ($127 - 2011; $148 - 2010). A total of $32 ($13- 2011) was allocated to operating and maintenance expenses for the period.

HHB's retiring allowance program is unfunded and benefits are based on length of service and final earnings, as per the criteria described in the preceding paragraph.

A summary of principal retirement allowance benefits expense and disclosure information, as required for disclosure purposes pursuant to IAS 19, for the current fiscal year follows. Actuarial measurements are as of March 31, 2012.

Components of Benefit Cost	2012	2011
Current service cost	$ 9	$ 8
Interest cost	7	8
Actuarial loss (gain) on accrued benefit obligation	16	(3)
Total benefit cost recognized in the period	**$ 32**	**$ 13**

Changes in Accrued Benefit Obligation	2012	2011
Accrued benefit obligation at end of prior year	$ 127	$ 148
Current service cost	9	8
Interest cost	7	8
Benefits paid	-	(34)
Actuarial loss (gain)	16	(3)
Accrued benefit obligation at end of period	**$ 159**	**$ 127**

14. Accrued employee future benefits ($000's), continued

Amounts Recognized in the Statement of Financial Position		2012		2011		2010
Accrued benefit obligation	$	(159)	$	(127)	$	(148)
Fair value of program assets		-		-		-
Excess (deficit)	$	(159)	$	(127)	$	(148)
Unamortized unvested past service costs (credits)		-		-		-
Unamortized net actuarial loss (gain)		-		-		-
Net liability	$	(159)	$	(127)	$	(148)

Weighted-Average Assumptions for Expense	2012	2011	2010
Discount rate	5.50%	5.50%	7.30%
Rate of compensation increase	1.00% for 2 yrs., 2.50% thereafter	1.00% for 2 yrs., 2.50% thereafter	1.00% for 2 yrs., 2.50% thereafter

Weighted-Average Assumptions to Determine Benefit Obligation	2012	2011	2010
Discount rate	4.80%	5.50%	5.50%
Rate of compensation increase	2.50%	1.00% for 1 yr., 2.50% thereafter	1.00% for 2 yrs., 2.50% thereafter

Estimated Employer Paid Benefit Payments

For the year ending March 31, 2013 estimated employer paid benefit payments are estimated to be $12.

15. Comparative figures

In some cases, the comparative figures on these financial statements have been reclassified to correspond with the current year's presentation.

16. Government Infrastructure Funding ($000's)

At year end HHB accrued $258 as receivable from the Province of Nova Scotia as funding for capital improvements made to the infrastructure known as the Victoria Road interchange on Highway 111. These upgrades were previously completed in 2009 and recorded in property, plan and equipment. The subsequent funding from the Province of Nova Scotia has been applied as an offset against capital costs incurred.

In early fall of 2009, through the Province of Nova Scotia, HHB applied for and was approved to receive federal Infrastructure Stimulus Funding (ISF) towards the A. Murray MacKay Bridge main towers, replacement of expansion joints and deck panels, and suspended spans resurfacing. The cost of the project, which was completed prior to March 31, 2011, was $7,397 with ISF funding of $3,672. As of March 31, 2011, all progress claims had been submitted to ISF and applied as an offset against capital costs incurred. As at March 31, 2012 $0.00 was outstanding as receivable ($342 - 2011).

In late summer of 2010, through the Province of Nova Scotia, HHB applied for and was approved to receive ISF funding towards the A. Murray MacKay Bridge Dartmouth median barriers. The cost of the project, which was completed prior to March 31, 2011, was $1,872 with ISF funding of $900. As of March 31, 2011, all progress claims had been submitted to ISF and applied as an offset against capital costs incurred. As at March 31, 2012 $0.00 was outstanding as receivable ($158 - 2011).

17. Compensation of key management personnel ($000's)

The key management personnel of HHB are the Chairman, General Manager and Chief Executive Officer, and the Chief Financial Officer.
Key management personnel remuneration for the years ended March 31, 2012 and March 31, 2011 is comprised of:

		2012		2011
Short-term benefits:				
Salaries	$	261	$	260
Post-employment benefits:				
Defined contribution pension plan expense		19		15
Total remuneration included in operating expenses	$	280	$	275

Total compensation for all employees was $3,141 ($3,182 - 2011).

18. Other Income ($000's)

In fiscal 2011 HHB settled an outstanding litigation in the amount of $1,075 and included these amounts in other income.

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19. Commitments ($000's)

HHB has entered into contracts for the 2013 fiscal year for the continued maintenance and capital improvement of the bridges in the amount of $3,396.